



**TESTIMONY OF
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**BEFORE THE COMMITTEE ON HIGHER EDUCATION AND
EMPLOYMENT ADVANCEMENT**

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House Bill 6335 An Act Concerning the University OF Connecticut Health Center Facilities Plan and **Senate Bill 800** An Act Concerning Funding the Fringe Benefit Differential for Employees of John Dempsey Hospital at the University of Connecticut Health Center.

Good afternoon. Senator Handley and Representative Willis and other distinguished members of the Higher Education and Employment Committee, my name is Kurt Barwis, President and CEO of Bristol Hospital, and I am here to testify in opposition to House Bill 6335 AN ACT CONCERNING THE UNIVERSITY OF CONNECTICUT HEALTH CENTER FACILITIES PLAN and Senate Bill 800 AN ACT CONCERNING FUNDING THE FRINGE BENEFIT DIFFERENTIAL FOR EMPLOYEES OF JOHN DEMPSEY HOSPITAL AT THE UNIVERSITY OF CONNECTICUT HEALTH CENTER. I would like to express my concerns regarding the University of Connecticut Health Center (UCHC) Principal Clinical Partnership with Hartford Hospital and the construction of the new \$605 million John Dempsey Hospital. I am also here in support of the Connecticut Health Education and Research Collaborative, which I feel will play a vital role in the development of a statewide solution for clinical care, medical education and research, and will support profitable and excellent clinical enterprises at the state and community level.

As the second largest employer in Bristol Connecticut, the Hospital's economic importance to the vitality of the community cannot be understated. Based upon an economic impact study completed by the consulting firm Tripp Umbach in June 2007, the overall economic, employment and government revenue impacts of the Hospital on Hartford County and the State of Connecticut are \$132.3 million and \$176.4 million, respectively. In addition to employing approximately 1,725 employees throughout the Hospital system and its related entities, the Hospital provides charity and uncompensated care on an annual basis in excess of \$11 million. Consequently, because Bristol Hospital is a vital asset to its community, it cannot support UCHC's proposal as it would jeopardize Bristol Hospital's stability and role in the community.

Bristol Hospital is committed to the concept and spirit of educational collaboration for the health and wellbeing of Connecticut's patients, the success of the regional hospitals and physicians, and the improvement in the quality of care that results from educational partnerships. Bristol Hospital strongly believes that there is a clear need for additional collaboration between the University of Connecticut Health Center and other community hospitals and, consequently, we are eager to be an academic partner of UCHC. Bristol

Hospital's vision is that we aspire to be recognized as one of the best community hospitals in Connecticut by providing high quality care to Bristol and its neighboring communities – which includes a population of more than 130,000 people. We believe that an appropriately structured academic relationship with UCHC would enhance Bristol Hospital's ability to achieve its vision and, furthermore, elevate the status of all Connecticut hospitals involved in such a partnership.

Bristol Hospital agrees that it is critical for UCHC to have a strong clinical, academic and research enterprise and understands the need to have a committed full time clinical faculty to educate and teach students in order to increase the supply of physicians in the State of Connecticut. Bristol Hospital acknowledges the importance of creating strong relationships and facilitating joint appointments for faculty members at multiple hospitals throughout the state. In fact, Bristol Hospital currently has 97 medical staff members with joint appointments at UCHC. Accordingly, Bristol Hospital supports developing its clinical, research and academic relationship with UCHC to be an additional site for physicians to work, medical students to be placed, and residents to pursue electives. Through exposure to multiple clinical sites, the ability to retain the medical students and residents educated at UCHC within Connecticut will be greatly enhanced. Bristol Hospital is supportive of UCHC's vision to become a top tier public academic health center for students, faculty, and patients and is committed to helping UCHC achieve its priorities; however, this vision can be achieved without the bricks-and-mortar and expense associated with the UCHC proposal.

Bristol Hospital supports the concept of having multiple regional clinical affiliations to strengthen UCHC but not at the cost of creating unfair market advantages. The University Hospital, Inc. could eventually consist of Hartford Hospital, MidState Hospital, John Dempsey Hospital, and, as indicated by Hartford Hospital representatives in several public forums, the Hospital of Central Connecticut. Consequently, in its fully implemented form, the University Hospital, Inc. could potentially create a significant market monopoly, generating an inpatient marketshare of over 47.0% in the Greater Hartford region.¹ If the University Hospital attains a market monopoly it will have overwhelming negotiating power with insurance companies, resulting in an increase in health insurance rates in a region where the rates are already exceedingly costly. As a result, this will economically strain businesses within the Greater Hartford area, compelling businesses to leave Hartford. The success of UCHC should be built upon the relationships it forms with regional hospitals while reducing competition in the healthcare marketplace.

If in fact the University Hospital, Inc. does control a major percentage of the market, the future of the other regional hospitals and their patients remains in question. If other regional hospitals cannot survive after the full implementation of the University Hospital, who will assume responsibility for the patients who received free care from those facilities? For example, in FY2007 Bristol Hospital provided over \$11,776,381 in uncompensated care to patients.² Between FY05 and FY07, uncompensated care costs rose by \$57 million (33.0%)

¹ Marketshare of inpatients residing in the Hartford-East Hartford-West Hartford NECTA (as defined by the U.S. Census Bureau). Data source: Connecticut Hospital Associations' *ChimeData*

² Connecticut State, Office of Health Care Access. Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals for Fiscal Year 2007.

across the state.³ Will the patients who relied on the regional hospitals for their healthcare be able to receive care from the University Hospital? Similarly, after a \$605 million subsidy, will JDH plan to increase its charitable care or its percentage of care provided to Medicaid and other state program subscribers? The poor, uninsured, and under-insured rely on state hospitals to provide their care, and as such, the integrity of Connecticut's hospital network must not be compromised lest we sacrifice the health, safety, and wellbeing of our patients.

As the state of our economy worsens, unemployment will inevitably rise and, consequently, many Connecticut residents will lose their health benefits, and an increasing number of people without insurance will depend on emergency rooms for their care. Considering that overcrowding of ERs is already a significant issue, ensuring healthcare access and coverage will become increasingly difficult. Yet the problems extend beyond the overutilization of health services. The growing rift between healthcare costs and reimbursement, coupled with the deterioration of the financial health of the economy, only further threatens hospitals' pecuniary standing. As access to capital becomes more difficult to obtain, hospitals will be forced to further suspend project development, such as medical equipment acquisition and renovations to update and improve facilities. Accordingly, it would be prudent to consider the benefits that \$605 million would have if allocated across all state hospitals, rather than simply one.

While it is very likely that John Dempsey's facilities, much like other regional hospitals, are outdated, the decision to construct a new hospital at this time, in this economic climate, appears premature. Despite differences in location, overall capacity, and services, all of the state's hospitals are faced with significant challenges that range from aging infrastructure and outmoded technology, to staffing constraints and the inability to access capital.⁴ Regrettably, many of Connecticut's hospitals require substantial renovations and improvements; nonetheless, other options must be explored and carefully considered before making the precipitate decision of building a new John Dempsey Hospital and spending over half a billion dollars. For example, can UCHC provide details on their intentions with the current John Dempsey Hospital if the new facility is constructed? Additionally, what would be the cost of retrofitting the current building for a new use and is this factored into their projected \$605 million budget?

With over \$605 million in question, the benefits and drawbacks of this proposal need to be weighed thoroughly. This decision must be based on the financial feasibility of constructing a \$605 million facility, the impact of this proposal on other hospitals, and, most importantly, patient access to healthcare. Additionally, this evidence must be substantiated by analyses performed by unbiased parties, such as the Office of Healthcare Access. To illustrate how challenging it is to make a determination on UCHC's request presently, consider the following. Overlooking the state of Connecticut's economy for the moment, what is the feasibility of building a new John Dempsey Hospital? The truth is that no one can accurately answer this question because financial feasibility analyses and simulations were never made available, nor has any meaningful accounting related to borrowing \$605 million been performed. Drawing on this, other questions arise that point to the insufficiency of data

³ Connecticut State. Office of Health Care Access. Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals for Fiscal Year 2007.

⁴ Connecticut State. Office of Health Care Access. Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals for Fiscal Year 2007.

surrounding this proposal. For example, what is the return on a \$605 million investment to JDH, to Hartford Hospital, or to the state and its taxpayers? Considering the substantial investment the state would have to make, would Hartford Hospital be required to make lease payments that cover the interest on the debt and use of the new John Dempsey facility? Moreover, UCHC representatives have stated that this proposal will result in increased research funding. What is the estimated value of this increase and where is the study in which this was determined? These questions provide a clear indication that a considerable amount of research must be conducted in order to justify this proposal and its expense.

In addition to a financial feasibility analysis, research that investigates the impact of this proposal on regional hospitals must be performed. In the executive summary of the "Needs-Based Analysis of the University of Connecticut Health Center Facilities Plan," the CASE Committee recommended an option that involves UCHC "formalizing, strengthening, and reinforcing relationships with current clinical care partners, and exploring relationships with other interested clinical care partners." CASE affirmed that this option "provides for the full range of UCHC's clinical needs while simultaneously increasing opportunity and reducing or eliminating possible negative financial impact on the regional hospitals."⁵ In order to assess the accuracy of this statement, the analysis and criteria that were utilized in arriving at this conclusion must be made available. In addition, the CASE Report never specified that the proposed merger between JDH and HH and the construction of a new facility was the only option. Accordingly, studies must be performed that investigate other, more cost-effective options that combine the resources of the regional hospitals and minimize market imbalances.

A recent article in the Hartford Courant stated that UCHC is "running a deficit of nearly \$17 million for the current fiscal year." This deficit follows three state legislative bail-outs since 2000. Moreover, the article referenced a statement by UCONN President Michael Hogan who asserted that "the Health Center is also forecasting deficits of \$21 million in the fiscal year that starts July 1 and \$30 million in 2010-11 if Gov. M. Jodi Rell's budget proposal is approved."⁶ Clearly, the Health Center's financial woes have long preceded its current investment request. One must also bear in mind that, in addition to the \$605 million injection this proposal would require, the state would also have to provide a continuing minimum subsidy of \$13 million per year. While upholding the status of our state's medical school and supporting clinical enterprises is a priority, this additional cost is a clear indication that the plan will not resolve the root of John Dempsey's financial problems and, therefore, other strategies must be explored.

As a state-supported institution and Connecticut's only public medical school, UCHC must understand its responsibility to support and encourage cooperation among the regional hospitals while remaining conscious of the state's limited funds when developing and pursuing initiatives. Reading UCHC's mission statement reveals that the hospital and medical school are dedicated to "promoting the health of Connecticut's citizens." This mission cannot be achieved without the support of all of Connecticut's hospitals. If UCHC is genuinely committed to their mission, they must reconsider their request and further explore other, more

⁵ Connecticut Academy of Science and Engineering Study Report: A Needs-Based Analysis of the University of Connecticut Health Center Facilities Plan. March 2008.

⁶ Keating, Christopher. "\$17 Million Deficit For UConn Health Center This Fiscal Year." The Hartford Courant. 3 Mar 2009.

cost-effective options that are sensitive to the state's budget and build upon relationships with regional hospitals while never sacrificing care to Connecticut's patients.

Thank you.